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C O N F I D E N T I A L TOKYO 002143

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TAGS: [KNNP](#) [TRGY](#) [ENRG](#) [KSTC](#) [IAEA](#) [PARM](#) [JA](#)
SUBJECT: FURTHER VIEWS ON CSC AND NUCLEAR LIABILITY

REF: TOKYO 01702

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b/d).

¶1. (C) Econoff met July 30 with incoming Ministry of Education, Culture, Sports, Science and Technology (MEXT) Atomic Energy Division Deputy Director Taro Hokugo. MEXT's Atomic Energy Division is revising Japan's nuclear liability law and plans to submit a draft to the Diet by February 2009, according to Hokugo. MEXT expects to incorporate recommendations from a panel of outside experts before releasing the draft law for public comment in October 2008. Hokugo said MEXT is considering several changes to the draft law, including doubling the required liability insurance for large nuclear operators from \$600 million to \$1.2 billion.

¶2. (C) Hokugo said it was unlikely the Convention on Supplementary Compensation (CSC) would be included in the February 2009 revised draft law, although he noted Secretary Bodman and then METI Minister Amari's discussions during the June G8 Energy ministerial meetings in Aomori highlighted the issue for the GOJ. Hokugo also noted MEXT remains the key agency for the CSC, although METI will be involved in some aspects. Hokugo said he believes Japan will eventually sign the CSC. However, he said having the Ambassador or a Cabinet member raise the CSC at the Minister or Prime Minister level would help make the issue more of a priority for the GOJ. He noted such a message could be particularly useful if it came before MEXT releases the draft law for public comment in October.

¶3. (C) Hokugo highlighted two of MEXT's concerns regarding the CSC. First, MEXT is concerned the roughly \$50 million required for the nuclear liability fund would have to come out of the Ministry's nuclear R&D budget. Second, MEXT is concerned how CSC requirements would affect smaller companies currently required to have \$20 million to \$120 million in liability insurance. Hokugo said MEXT would be interested in hearing U.S. views on having the U.S. nuclear industry pay for its nuclear liability fund contribution.
SCHIEFFER